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DONALD J. SIMON
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July 21, 2004

MUR # 5487

BY MESSENGER


Lawrence Norton, Esquire
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

Re: Complaint against Progress for America Voter Fund (PFA-VF)

Dear Mr. Norton:

Enclosed for filing is an original and three copies of a complaint against Progress for America Voter Fund (PFA-VF) filed by Democracy 21, the Campaign Legal Center and the Center for Responsive Politics.

Respectfully submitted,


Donald J. Simon

Enclosures

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

2004 JUL 21 P 4:23

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BEFORE THE
FEDERAL ELECTION COMMISSION

Democracy 21
1825 I Street, NW, Suite 400
Washington, DC 20006
202-429-2008

Campaign Legal Center
1640 Rhode Island Ave. NW, Suite 650
Washington, DC 20036
202-736-2200

Center for Responsive Politics
1101 14th Street, NW, Suite 1030
Washington, DC 20005
202-857-0044

v.

MUR No. 5487

Progress for America Voter Fund
P.O. Box 57167
Washington, D.C. 20037
877-792-3800

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

2004 JUL 21 P 4:23

COMPLAINT

1. In March, 2002, Congress enacted the Bipartisan Campaign Reform Act of 2002 (BCRA) in order to stop the raising and spending of soft money to influence federal elections. The relevant provisions of BCRA were upheld by the Supreme Court in *McConnell v. FEC*, 540 U.S. ___, 124 S.Ct. 619 (2003).
2. Since the enactment of the BCRA, a number of political and party operatives have been engaged in illegal new schemes to use soft money to influence the 2004 presidential and congressional elections. These schemes, for the most part, involve the use of so-called "section 527 groups" – entities registered as "political organizations" under section 527 of the

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Internal Revenue Code, 26 U.S.C. § 527 – as vehicles to raise and spend soft money to influence the 2004 federal elections.

3. These schemes to inject soft money into the 2004 federal elections are illegal. The Supreme Court in *McConnell* took specific note of “the hard lesson of circumvention” that is taught “by the entire history of campaign finance regulation.” 124 S.Ct. at 673. The deployment of “section 527 groups” as the new vehicle for using soft money to conduct partisan activities to influence federal elections is simply the latest chapter in the long history of efforts to violate the federal campaign finance laws.

4. Progress for America Voter Fund (PFA-VF) is registered with the IRS as a section 527 group but is not registered with the Commission as a political committee. However, PFA-VF is, in fact, a federal political committee. PFA-VF is an entity which, as a 527 group, has a “major purpose,” indeed an overriding purpose, to influence candidate elections, and more specifically, federal candidate elections, and which has spent, or is planning to spend, millions of dollars for the announced purpose of influencing the 2004 federal elections. This “political committee” is therefore required to register with the Commission under the federal campaign finance laws, and is subject to the federal contribution limits and source prohibitions on the funds it receives. As a political committee, PFA-VF may not receive more than \$5,000 per year from an individual donor, and may not receive any union or corporate treasury funds whatsoever. 2 U.S.C. § § 441a(a)(1)(C), 441b(a). These limits and prohibitions apply to all “political committees,” including those that engage in independent spending. 11 C.F.R. § 110.1(n).

5. The Supreme Court in *McConnell* took specific – and repeated – note of the central role of the Federal Election Commission in improperly creating the soft money

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loophole that was used to circumvent the federal campaign finance laws. The massive flow of soft money through the political parties into federal elections was made possible by the Commission's allocation rules, which the Court described as "FEC regulations [that] permitted more than Congress, in enacting FECA, had ever intended." 124 S.Ct. at 660, n.44. Indeed, the Court noted that the existing Federal Election Campaign Act (FECA), which had been upheld in *Buckley*, "was subverted by the creation of the FEC's allocation regime" which allowed the parties "to use vast amounts of soft money in their efforts to elect federal candidates." *Id.* at 660 (emphasis added). The Court flatly stated that the Commission's rules "invited widespread circumvention" of the law. *Id.* at 661.

6. It is critically important that the Commission not repeat this history here. The Commission must take steps to ensure that it does not once again invite "widespread circumvention" of the law by licensing the injection of massive amounts of soft money into federal campaigns, this time through section 527 groups whose major, indeed overriding, purpose is to influence federal elections.

7. The Commission has the authority to take enforcement action based on a complaint where it finds reason to believe that a person "has committed, or is about to commit," a violation of the law. 2 U.S.C. §§ 437g(a)(2), 437g(a)(4)(A)(i), 437g(a)(6)(A); *see also* 11 C.F.R. 111.4(a) ("Any person who believes that a violation...has occurred or is about to occur may file a complaint...") (emphasis added). Based on published reports, the PFA-VF has either committed or is "about to commit" massive violations of the law by raising and spending millions of dollars of soft money – including corporate treasury funds and large individual contributions – to influence the 2004 presidential and congressional elections. The respondent is doing so without registering as a federal political committee and without

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complying with the rules applicable to such political committees. Because the 2004 presidential and congressional campaigns are fully underway, it is vitally important that the Commission act effectively and expeditiously to prevent the massive violations of the law threatened by the widely publicized activities of this section 527 group.

Progress for America Voter Fund

8. Progress for America Voter Fund was established on May 27, 2004 as a “political organization” under section 527 of the Internal Revenue Code, 26 U.S.C. § 527.¹ It seeks to “become the main conduit for soft money contributions from GOP donors.”²

9. PFA-VF has made clear that its major, indeed overriding, purpose is to support the re-election of President George W. Bush in the 2004 election and to defeat the Democratic nominee, Senator John Kerry.

10. An article in *The Washington Post* reported on the formation of PFA-VF. It said that “top Republican operatives” formed PFA-VF as “an effort to compete with Democratic groups for large sums of unregulated presidential campaign funds,” and that PFA-VF has been designated as “a group with close ties to the Bush administration to serve as the main conduit.”³ According to this article, PFA-VF officials “are actively considering major purchases of television ads in roughly 18 key battleground states that praise Bush administration policies.” The *National Journal* reports that PFA-VF “is aiming to raise \$40

¹ A copy of its Form 8871, Notice of Section 527 Status, filed with the IRS, is attached as Exhibit A.

² A. Bolton, “Leaders back Republican 527,” *The Hill* (May 26, 2004) (Exhibit B).

³ T. Edsall, “GOP Creating Own ‘527’ Groups,” *The Washington Post* (May 25, 2004) (Exhibit C).

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million to \$60 million to fund grassroots work, issue advertising and 'truth squads' to burnish the Bush record on tax cuts, the economy, energy and other issues."⁴

11. On its website, PFA-VF, which describes itself as a group that educates voters on the positions of candidates, states that it "is currently producing issue advocacy TV ads on President Bush's plan to revitalize the American economy and wage a world wide war on terror."⁵ It further says that "Future PFA-VF television ads will expose John Kerry's record as the most liberal member of the United States Senate, – even more liberal than Teddy Kennedy or Hillary Clinton!" *Id.*

12. A press release issued by PFA-VF to announce its formation describes its intent to spend money for the purpose of influencing the 2004 presidential election. The release quotes PFA-VF president Bruce McCabe as saying:

Although PFA has worked since 2001 to advance the conservative issue agenda, the establishment of the PFA Voter Fund will give us the additional flexibility we need *to affect the political process*. For too long, liberal 527 committees, bankrolled by extremists like George Soros, have been able to say scurrilous things about President Bush and other conservative leaders with impunity. Now, with the PFA Voter Fund, we will have the ability *to promote President Bush's record on key issues and expose the real John Kerry's ultra-liberal agenda, as well as the record of other liberal candidates*.

(emphasis added)⁶

13. On June 24, 2004, PFA-VF announced the launch of its first network and cable television ad campaign "in key media markets in Nevada and New Mexico."⁷ The ad refers to

⁴ P. Stone, "Republican 527's: Full Steam Ahead," *The National Journal* (May 29, 2004) (Exhibit D).

⁵ See <http://www.pfavoterfund.com> (A copy of this webpage is attached as Exhibit E).

⁶ See <http://www.pfavoterfund.com/1151-15.1151-061104B.html> (A copy of this webpage is attached as Exhibit F).

both President Bush and Senator Kerry, and promotes President Bush's reelection campaign and attacks Senator Kerry. The script of the ad is:

Announcer: "9/11. A leader showed strength and compassion. President Bush. He held us together and began to hunt down terrorist killers. But what if Bush wasn't there? Could John Kerry have shown this leadership? The Kerry who voted against billions for America's intelligence even after the first World Trade Center bombing. The Kerry who voted against 13 weapons systems our troops depend on. President Bush will win this war on terror. Progress for America Voter Fund is responsible for the content of this ad."⁸

The press release issued by PFA-VF announcing this ad described it as a "\$1 million ad buy..." The press release further quotes PFA-VF president Bruce McCabe as explaining the purpose of the ad: "Our ad asks people to think about what would have happened if the War on Terror had been waged by the likes of a liberal like John Kerry – a man who voted to cut billions from our intelligence gathering efforts, even after the first World Trade Center attack." According to one news account, PFA-VF said "the ads are the first step in a multimillion dollar advertising campaign to counter the pro-Democratic groups that have spent more than \$40 million on ads criticizing [President] Bush."⁹

14. PFA-VF is funding its TV ad campaign with donations that do not comply with federal contribution limits applicable to political committees. For instance, PFA-VF has collected \$2.1 million from just four contributors, according to its most recent disclosure report filed with the Internal Revenue Service, including a contribution of \$1 million from Jerry

⁷ See <http://www.pfavoterfund.com/1151-15.1151-062804B.html> (A copy of this webpage is attached as Exhibit G).

⁸ N. Anderson, "The Race to the White House; Ad Watch; Progress for America Voter Fund, *The Los Angeles Times* (June 27, 2004) (Exhibit H).

⁹ L. Romano and J. Krim, "Kerry Touts His Plans for High Tech Industry," *The Washington Post* (June 25, 2004) (Exhibit I).

Perenchio, and contributions of \$500,000 each from Paul Singer and Carl Lindner.¹⁰

According to *Roll Call*, these three Republican businessmen “were among the top [soft money] contributors to the Republican Party, giving a total of \$2.1 million to GOP causes in the 2001-02 election cycle. Now that such soft-money contributions to the national political parties are illegal, the three have shifted their financial support to Progress for America.”¹¹

15. PFA-VF was established by Progress for America (PFA), a non-profit corporation organized under section 501(c)(4) of the tax code. Organizers and officers of PFA have close ties to the Republican Party and to the Bush campaign. According to the *National Journal*, Tony Feather, who was the political director of President Bush’s 2000 campaign, “started PFA in 2001 to help build grassroots support for President Bush’s agenda. But last fall, Feather went to work for the Bush re-election campaign as a consultant on voter mobilization and fundraising. Now Feather’s partner at the firm FLS-DCI, Tom Synhorst, is deeply involved in developing advertising and grassroots strategies for Progress for America.”¹² When Feather left PFA, according to the *National Journal*, he “turned over the reins to Chris LaCivita, a former issue-advocacy director at the National Republican Senatorial Committee.”¹³ According to the *Post*, Feather’s firm “has major contracts with both the Bush-Cheney ’04 campaign and the Republican National Committee.”¹⁴ As of May, 2004, that

¹⁰ A copy of the Form 8872 for PFA-VF posted on July 13, 2004 is attached as Exhibit J.

¹¹ B. Mullins, “Big Money in Hand, GOP 527 Mounts Ad Blitz,” *Roll Call* (July 14, 2004) (Exhibit K).

¹² P. Stone, Exhibit D, *supra*.

¹³ P. Stone, “A Catalog of Key Groups,” *The National Journal* (Dec. 19, 2003) (Exhibit L).

¹⁴ Edsall, Exhibit C, *supra*

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company had been paid \$1.6 million by the Bush-Cheney campaign. *Id.* Tom Synhorst, a direct mail and phone bank specialist and a partner in Feather's firm "is a key strategic adviser to PFA."¹⁵ Benjamin Ginsberg, outside counsel to the Bush-Cheney reelection campaign and to the Republican National Committee, also serves as counsel to PFA.¹⁶

Violation of Law
(Political Committee Status)¹⁷

16. PFA-VF is a "political committee" under the federal campaign finance law. It is an entity which (1) has a "major purpose" to influence candidate elections, and in particular, federal candidate elections, and (2) has received contributions or made expenditures of more than \$1,000 in a calendar year. Because PFA-VF meets both parts of this test, it is a federal "political committee," and is accordingly subject to the contribution limits, source prohibitions and reporting requirements that apply to all federal political committees. Because it has not complied with these rules applicable to federal political committees, it has been, and continues to be, in violation of the law.

17. Section 431(4) of Title 2 defines the term "political committee" to mean "any committee, club, association or other group of persons which receives contributions aggregating in excess of \$1,000 during a calendar year or which makes expenditures aggregating in excess of \$1,000 during a calendar year." 2 U.S.C. § 431(4); *see also* 11 C.F.R. § 100.5(a). A "contribution," in turn, is defined as "any gift, subscription, loan, advance, or

¹⁵ Edsall, Exhibit C, *supra*.

¹⁶ L. Getter, "GOP Can't Beat '3rd Party' Groups, so It Forms Them," *The Los Angeles Times* (June 6, 2004) (Exhibit M).

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deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office....” 2 U.S.C. § 431(8)(A). Similarly, an “expenditure” is defined as “any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for Federal office...” 2 U.S.C. § 431(9)(A).

18. Any entity which meets the definition of a “political committee” must file a “statement of organization” with the Federal Election Commission, 2 U.S.C. § 433, and periodic disclosure reports of its receipts and disbursements. 2 U.S.C. § 434. In addition, a “political committee” is subject to contribution limits, 2 U.S.C. § 441a(a)(1), §441a(a)(2), and source prohibitions, 2 U.S.C. § 441b(a), on the contributions it may receive and make. 2 U.S.C. § 441a(f). These rules apply even if the political committee is engaged only in independent spending. 11 C.F.R. § 110.1(n).

19. In *Buckley v. Valeo*, 424 U.S. 1 (1976), the Supreme Court construed the term “political committee” to “only encompass organizations that are under the control of a candidate or the major purpose of which is the nomination or election of a candidate.” 424 U.S. at 79 (emphasis added). Again, in *FEC v. Massachusetts Citizens for Life*, 479 U.S. 238 (1986), the Court invoked the “major purpose” test and noted that if a group’s independent spending activities “become so extensive that the organization’s major purpose may be regarded as campaign activity, the corporation would be classified as a political committee.” 479 U.S. at 262 (emphasis added). In that instance, the Court continued, it would become subject to the “obligations and restrictions applicable to those groups whose primary objective is to influence political campaigns.” *Id.* (emphasis added). The Court in *McConnell* restated

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the “major purpose” test for political committee status as iterated in *Buckley*. 124 S.Ct. at 675, n.64.

20. In *FEC v. GOPAC*, 917 F.Supp. 851 (D.D.C. 1996), a single federal district court further narrowed the “major purpose” test to encompass not just the nomination or election of any candidate, but only “the nomination or election of a particular candidate or candidates for federal office.” 917 F.Supp. at 859. Thus, the court said that “an organization is a ‘political committee’ under the Act if it received and/or expended \$1,000 or more and had as its major purpose the election of a particular candidate or candidates for federal office.” *Id.* at 862. The court further said that an organization’s purpose “may be evidenced by its public statements of its purpose or by other means, such as its expenditures in cash or in kind to or for the benefit of a particular candidate or candidates.” *Id.*

21. It is the view of complainants that the district court in *GOPAC* misinterpreted the law and incorrectly narrowed the test for a “political committee” as set forth by the Supreme Court in *Buckley*, and that the Commission should have appealed the district court decision in *GOPAC*. Nonetheless, even under the approach adopted in *GOPAC*, the respondent here is a “political committee” and is required to file as such under federal law.

22. There is a two prong test for “political committee” status under the federal campaign finance laws: (1) whether an entity or other group of persons has a “major purpose” of influencing the “nomination or election of a candidate,” as stated by *Buckley*, or of influencing the “election of a particular candidate or candidates for federal office,” as stated by *GOPAC*, and if so, (2) whether the entity or other group of persons receives “contributions” or makes “expenditures” of at least \$1,000 or more in a calendar year.

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23. Prong 1: The “major purpose” test. PFA-VF has a “major purpose” of influencing the election of a candidate, under *Buckley*, or of a “particular candidate or candidates for federal office,” under *GOPAC*. PFA-VF thus meets the first prong of the test for “political committee” status, under either *Buckley* or *GOPAC*.

24. First, PFA-VF is organized under section 527 of the Internal Revenue Code, 26 U.S.C. § 527, and is thus by definition a “political organization” that is operated “primarily” for the purpose of influencing candidate elections. Section 527 of the IRC provides tax exempt treatment for “exempt function” income received by any “political organization.” The statute defines “political organization” to mean a “party, committee, association, fund, or other organization (whether or not incorporated) organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures, or both, for an exempt function.” 26 U.S.C. § 527(e)(1) (emphasis added). An “exempt function” is defined to mean the “function of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any Federal, State, or local public office or office in a political organization, or the election of Presidential or Vice Presidential electors...” 26 U.S.C. § 527(e)(2) (emphasis added). The Supreme Court said in *McConnell*, “Section 527 ‘political organizations’ are, unlike § 501(c) groups, organized for the express purpose of engaging in partisan political activity.” 124 S.Ct. at 678, n.67. The Court noted that 527 groups “by definition engage in partisan political activity.” *Id.* at 679. A “political organization” as defined in section 527 must register as such with the Secretary of the Treasury, and must file periodic disclosure reports with the Secretary as required by section 527(j). PFA-VF has registered as a “political organization” under section 527.

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25. Thus, by definition, any entity that registers with the Secretary as a “political organization” under section 527 is “organized and operated primarily” for the purpose of “influencing or attempting to influence the selection, nomination, election or appointment of” an individual to public office. The Commission has frequently cited the section 527 standard as identical to the “major purpose” prong of the test for “political committee” status. *See e.g.*, Advisory Opinions 1996-13, 1996-3, 1995-11. Accordingly, any group that chooses to register as a “section 527 group” – including PFA-VF -- is by definition an entity “the major purpose of which is the nomination or election of a candidate...”¹⁸ Under the “major purpose” standard set forth in *Buckley*, this is sufficient to meet the first prong of the “political committee” test.

26. But even if that standard is further narrowed by *GOPAC*, the respondent here, PFA-VF, has a “major purpose” of influencing the nomination or election of a “particular candidate or candidates for federal office...” 917 F.Supp. at 859. PFA-VF has made clear that it intends to spend millions of dollars on broadcast ads that will expressly refer to President Bush and promote or support his reelection, or will refer to Senator Kerry and attack or oppose his election. Thus, PFA-VF has a “major purpose” to support or oppose particular federal candidates, thus meeting even the most rigorous definition under *GOPAC* of the first prong of the test for “political committee.”

27. Prong 2: “Expenditures” of \$1,000. The second prong of the definition of “political committee” is met if an entity which meets the “major purpose” test also receives “contributions” or makes “expenditures” aggregating in excess of \$1,000 in a calendar year.

¹⁸ This would be true in all instances other than a 527 organization which is devoted to influencing the nomination or appointment of individuals to appointive office such as, *e.g.*, a judicial appointment, but this exception does not apply to PFA-VF.

Both “contributions” and “expenditures” are defined to mean funds received or disbursements made “for the purpose of influencing” any federal election. 2 U.S.C. § 431(8), (9).

28. This second prong test of whether a group has made \$1,000 in “expenditures” is not limited by the “express advocacy” standard when applied to a section 527 group, such as PFA-VF. Rather, the test for “expenditure” in this case is the statutory standard of whether disbursements have been made “for the purpose of influencing” any federal election, regardless of whether the disbursements were for any “express advocacy” communication. The Supreme Court made clear in *Buckley* that the “express advocacy” standard does not apply to an entity, like a section 527 group, which has a major purpose to influence candidate elections and is thus not subject to concerns of vagueness in drawing a line between issue discussion and electioneering activities. Groups such as section 527 “political organizations” are formed for the principal purpose of influencing candidate elections and, as explained by the Court in *Buckley*, their expenditures “can be assumed to fall within the core area sought to be addressed by Congress. They are, by definition, campaign related.” 424 U.S. at 79 The Court affirmed this position in *McConnell*. 124 S.Ct. at 675, n.64. Thus, the “express advocacy” test, which the Supreme Court deemed to be “functionally meaningless,” 124 S.Ct. at 703, is not relevant to the question of whether a section 527 organization is spending money to influence the election of federal candidates.

29. PFA-VF has made “expenditures” in amounts far in excess of the \$1,000 threshold of the second prong of the test for “political committee” status. These expenditures have been made for broadcast advertisements that promote or support President Bush and/or attack or oppose Senator Kerry. These disbursements have been “for the purpose of influencing” federal elections, and thus constitute “expenditures” under the law.

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30. Ads run by a section 527 "political organization" that promote, support, attack or oppose federal candidates are clearly for the purpose of influencing a federal election, even if such ads do not contain "express advocacy" or are not "electioneering communications," as defined in 2 U.S.C. § 434(f)(3)(A)(i). Because the "express advocacy" test does not apply to section 527 groups, and thus does not limit the statutory definition of "expenditures" made by such groups, the funds spent by PFA-VF to promote or support President Bush, or to attack or oppose Senator Kerry, are "expenditures." They are being made "for the purpose of influencing" the 2004 presidential elections.

31. Alternatively, even if the Commission incorrectly decides that the "express advocacy" test does apply to section 527 groups, the ads run by PFA-VF meet that test as well. The Commission's existing regulations define "express advocacy" to include a communication that "when taken as a whole and with limited reference to external events...could only be interpreted by a reasonable person as containing advocacy of the election or defeat of one or more candidates because the electoral portion of the communication is unmistakable, unambiguous and suggestive of only one meaning and reasonable minds could not differ as to whether it encourages actions to elect or defeat one or more clearly identified candidates or encourages some other kind of action." 11 C.F.R. § 100.21(b). The ads run by PFA-VF, when taken as a whole, can only be interpreted by a reasonable person as advocating the re-election of President Bush and thus meet the Commission's existing regulatory definition of "express advocacy." Thus, the ads by PFA-VF contain "express advocacy" and therefore constitute "expenditures."

32. PFA-VF to date has not registered with the Commission as a federal political committee. It is presumably intending to make all of its disbursements regarding federal

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candidates from an account which does not comply with federal contribution limits, source prohibitions and reporting requirements.

33. In sum, PFA-VF has a “major purpose” to support or oppose the election of one or more particular federal candidates, and it has spent far in excess of the statutory \$1,000 threshold amount on “expenditures” for this purpose. The Commission accordingly should find that PFA-VF is a “political committee” under the Act. PFA-VF has not filed a statement of organization as a political committee, as required by 2 U.S.C. § 432, and has not complied or does not intend to comply with reporting requirements of 2 U.S.C. § 434, and has not complied with, and does not intend to comply with, the contribution limits and source prohibitions of 2 U.S.C. §§ 441a and 441b. The Commission should accordingly find PFA-VF in violation of all of these provisions of law.

Disclosure

34. Because of the violations of law set forth above, the Commission and the public, including the complainants, are not receiving full and accurate public disclosure of the funds raised and spent by PFA-VF, as required by FECA. Because it is a political committee, the funds received by PFA-VF are “contributions” subject to the mandatory federal reporting requirements of FECA and are required to be fully disclosed to the Commission and to the public, 2 U.S.C. § 434, including complainants. The donations received by PFA-VF as a section 527 group which is not reporting to the Commission as a federal political committee are subject only to reporting to the Internal Revenue Service under 26 U.S.C. § 527 and such disclosure may be avoided altogether if the recipient chooses to pay income tax on the donation. Further, section 527, unlike the FECA requirements applicable to political committees, does not require the reporting of the aggregate amount of unitemized contributions

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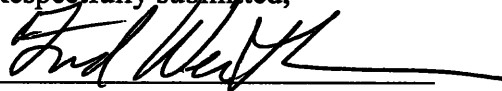
received by the group, so there is no basis to determine the total aggregate amount raised by such a section 527 group. Thus, to the extent that PFA-VF is wrongly treating contributions required to be reported under FECA instead as donations to a section 527 account, the public, including complainants, and the Commission have no assurance that all contributions required to be disclosed under FECA are properly being disclosed, or that the total amount of contributions to PFA-VF is being disclosed.

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Prayer for Relief

Wherefore, the Commission should conduct an immediate investigation under 2 U.S.C. §437g, should determine that PFA-VF has violated or is about to violate 2 U.S.C. §§ 432, 434, 441a and 441b(a), and 11 C.F.R. § 114.4, should impose appropriate sanctions for such violations, should enjoin the PFA-VF from all such violations in the future, and should impose such additional remedies as are necessary and appropriate to ensure compliance with FECA and BCRA.

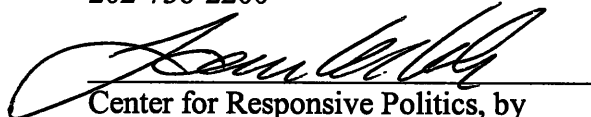
Respectfully submitted,



Democracy 21, by
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202-429-2008



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Endreson & Perry LLP
1425 K Street NW – Suite 600
Washington, DC 20005
202-682-0240

Counsel for Democracy 21


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Verification

The complainants listed below hereby verify that the statements made in the attached Complaint are, upon their information and belief, true.

Sworn to pursuant to 18 U.S.C. § 1001.

For Complainant Democracy 21


Fred Wertheimer

Sworn to and subscribed before me this 26th day of July, 2004


Notary Public

JEANNE G. KATZ
Notary Public of District of Columbia
My Commission Expires December 14, 2007

For Complainant Campaign Legal Center


Trevor Potter

Sworn to and subscribed before me this 26th day of July, 2004


Notary Public

JEANNE G. KATZ
Notary Public of District of Columbia
My Commission Expires December 14, 2007

For Complainant Center for Responsive Politics


Lawrence M. Noble.

Sworn to and subscribed before me this 26th day of July, 2004


Notary Public

JEANNE G. KATZ
Notary Public of District of Columbia
My Commission Expires December 14, 2007

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**Political Organization
Notice of Section 527 Status**

OMB No. 1545-1693

Part I General Information

1 Name of organization **Employer identification number**
Progress For America Voter Fund 20 - 1170395

2 Mailing address (P.O. box or number, street, and room or suite number)
PO Box 57167

City or town, state, and ZIP code
Washington, DC 20037

3 Check applicable box: ☒ Initial notice ☐ Amended notice ☐ Final notice

4a Date established **4b Date of material change**
05/27/2004

5 E-mail address of organization
info@pfavoterfund.com

6a Name of custodian of records **Custodian's address**
Mary Anne Carter
PO Box 57167
Washington, DC 20037

7a Name of contact person **Contact person's address**
Brian McCabe
PO Box 57167
Washington, DC 20037

8 Business address of organization (if different from mailing address shown above) Number, street, and room or suite number
PO Box 57167

City or town, state, and ZIP code
Washington, DC 20037

9a Election authority **9b Election authority identification number**
NONE

Part II Notification of Claim of Exemption From Filing Certain Forms (see instructions)

10a Is this organization claiming exemption from filing Form 8872, Political Organization Report of Contributions and Expenditures, as a qualified state or local political organization? Yes ☐ No ☒

10b If 'Yes,' list the state where the organization files reports:

11 Is this organization claiming exemption from filing Form 990 (or 990-EZ), Return of Organization Exempt from Income Tax, as a caucus or associations of state or local officials? Yes ☐ No ☒

Part III Purpose

12 Describe the purpose of the organization

To engage in political activities that educate the general public regarding the public policy positions of candidates for federal, state, and local office and mobilize voters in compliance with federal and state laws

Exhibit A

27044153629

27044153630

Part IV List of All Related Entities (see instructions)

13 Check if the organization has no related entities. ☐

14a Name of related entity	14b Relationship	14c Address
Progress for America, Inc	Connected	PO Box 19242 Washington, DC 20036

Part V List of All Officers, Directors, and Highly Compensated Employees (see instructions)

15a Name	15b Title	15c Address
Mary Anne Carter	Treasurer	PO Box 57167 Washington, DC 20037
Brian McCabe	President	PO Box 57167 Washington, DC 20037

Under penalties of perjury, I declare that the organization named in Part I is to be treated as a tax-exempt organization described in section 527 of the Internal Revenue Code, and that I have examined this notice, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that I am the official authorized to sign this report, and I am signing by entering my name below.

Brian McCabe

05/28/2004

**Sign
Here**

Name of authorized official

Date

THE HILL

Leaders back Republican 527

Support from Hastert, Santorum gives group a leg up

By Alexander Bolton

Wednesday, May 26, 2004

House Speaker J. Dennis Hastert (R-Ill.) and Senate Republican Conference Chairman Rick Santorum (R-Pa.) have agreed to participate in events this summer for the Leadership Forum, a GOP-allied 527 group.

By doing so, Hastert and Santorum will place their imprimaturs on the group, reassuring donors that it is a legitimate fundraising venture.



Sen. Rick Santorum (R-Pa.) lends backing to GOP soft-money group.

Their support will give the Leadership Forum a leg up in a competition among emerging Republican-leaning groups, making it likely to become the main soft-money vehicle for congressional Republicans.

However, the announcement that Hastert and Santorum will affiliate themselves with the soft-money group already has generated controversy among campaign-finance-reform organizations, which say that the lawmakers are walking a fine legal line. They note that under the new campaign-finance law known as McCain-Feingold, federal lawmakers are not allowed to solicit soft money. Such funds are largely unregulated and may be raised in unlimited amounts.

However, Susan Hirschmann, Majority Leader Tom DeLay's (R-Texas) former chief of staff, who is heading the group with former Rep. Bill Paxon (R-N.Y.), said Hastert and Santorum will only appear at Leadership Forum events and will not raise soft money.

Controversy aside, Hastert and Santorum will send a powerful signal to Republican donors about where they should direct their money as numerous GOP groups vie for attention. Hastert will be the guest of honor at a July 6 dinner for the group, and Santorum will headline a briefing for the group in the summer.

A slew of other powerful Republicans closely linked with the House and Senate GOP leadership also have lent their names to the Leadership Forum's activities.

Former Reagan White House Chief of Staff Ken Duberstein, former House Republican Leader Bob Michel (Ill.), former Sen. Lauch Faircloth (N.C.), former House Republican Conference Vice Chairwoman Tillie Fowler (Fla.), former Republican Speaker-designate Bob Livingston (La.), former House Transportation

Committee Chairman Bud Shuster (Pa.) and Gregg Hartley, former chief of staff to House Majority Whip Roy Blunt (R-Mo.), are some of the prominent Republicans serving on the Leadership Forum's advisory board.

Campaign-finance watchdogs immediately criticized Hastert's and Santorum's plans to help the Leadership Forum.

Fred Wertheimer, president of Democracy 21, who helped spearhead the passage of campaign-finance reform through Congress in 2002, said Hastert's participation "raises serious questions as to whether that would constitute soliciting soft-money funds, which he can't do."

John Feehery, Hastert's spokesman, fired back at Wertheimer.

"A lot of these watchdog groups get their money from the same people that are funding the liberal 527s," Feehery said. "Let's hope that Fred Wertheimer puts equal scrutiny on the activities of George Soros. I doubt he will."

Wertheimer's group has accepted substantial donations from a Soros-backed philanthropic organization.

Larry Noble, a former Federal Election Commission (FEC) general counsel who is executive director of the Center for Responsive Politics, said that the FEC created a loophole that allows lawmakers to appear at events for soft-money groups.

"The FEC has defined solicitation in such a narrow way it will allow an officeholder to appear at an event [for a soft-money group] as long as they don't ask for soft money," said Noble.

However, he said the distinction between appearing at an event for a soft-money group and soliciting soft money for the group is essentially meaningless.

"The FEC does allow [Hastert] to stand up at a 527 event and talk about how wonderful the Leadership Forum is when the whole surrounding atmosphere is [about] ... trying to raise money for the Leadership Forum."

The Leadership Forum is the second GOP soft-money group this week to unveil organizational details in the wake of a recent FEC decision that has kicked off a soft-money frenzy among Republican allies. The decision effectively certified as legal the activities of several well-financed Democratic soft-money groups that have aggressively courted six- and seven-figure donations since early in the election cycle.

Earlier this week, Progress for America announced its plans to transform from a 501(c)4 into a 527 group, so named after a section of the U.S. tax code, and become the main conduit for soft-money contributions from GOP donors.

But Progress for America's connections with the Bush administration mean that the group will likely be viewed as more allied with the Bush-Cheney campaign and the Republican National Committee. James Francis Jr., who helped assemble Bush's spectacularly successful Pioneer fundraising program, will chair Progress for America. Tom Synhorst, a GOP consultant whose firm has received more than \$1 million from the Bush-Cheney campaign, will serve as an adviser to the group.

Signing political heavyweights is essential to any group that plans to compete for Republican soft money — and influence — this year and in the future.

GOP Creating Own '527' Groups

*Unregulated Funds
Can Be Raised*

By THOMAS B. EDSELL
Washington Post Staff Writer

Top Republican operatives have launched an effort to compete with Democratic groups for large sums of unregulated presidential campaign funds by designating a group with close ties to the Bush administration to serve as the main conduit.

Republicans who once vigorously opposed the fundraising and spending activities of mostly liberal groups who have been working to defeat President Bush are developing ambitious plans to raise unregulated "soft money" before the November election. The Federal Election Commission earlier this month cleared the way for liberal groups to continue raising millions in unrestricted contributions, and now GOP groups are joining in.

James Francis Jr., who put together the 1999 to 2000 Bush Pioneers, one of the most successful fundraising operations in U.S. history, has been asked to chair the lead GOP organization, called Progress for America (PFA), Francis and other Republican activists said yesterday.

Officials of the organization indicated they are actively considering major purchases of television ads in roughly 18 key battleground states that praise Bush administration policies. PFA and other conservative organizations are vowing to match or exceed fundraising by liberal groups that did not wait for FEC clearance, and which have spent millions to elect the Democratic presidential candidate, Sen. John F. Kerry (D-Mass.).

Unlike political committees regulated by the FEC, "527" and "501(c)(4)" groups—named for the sections of the tax code that govern their activities—have no restrictions on the sources or amount of contributions, and some have received gifts of \$5 million or more.

Tom Synhorst, a direct-mail and phone-bank specialist, is a key strategic adviser to PFA. He is a partner in a direct mail and voter contact firm that has major contracts with both the Bush-Cheney '04 campaign and the Republican National Committee. Brian McCabe is the executive director.

The backers of PFA are working at top speed to revitalize and change the legal structure of the organization in order to capitalize on the FEC's May 13 decision to postpone adoption of rules governing the soft-money activities of "527" organizations.

Such Democratic groups as the Media Fund, America Coming Together and MoveOn.org have been active for well over a year and have already put in excess of \$50 million into efforts to defeat Bush and elect Kerry. Their goal is to spend

roughly \$300 million.

Before the FEC action, both the Republican National Committee and the Bush-Cheney '04 campaign had argued that the expenditure of soft money to influence the presidential election is illegal, violating federal campaign finance law.

The May 13 decision forced a reversal of that stance and has opened the door to what appears sure to be a fundraising war between nominally independent organizations run by men and women with strong links to the parties and candidates.

This week's National Journal reported Francis's and Synhorst's involvement with PFA, along with James W. Cicconi, AT&T Corp.'s top Washington lobbyist.

Synhorst's company, Feather, Larson & Synhorst, has already been paid at least \$1.6 million by the Bush-Cheney campaign. Tony Feather, the lead partner, was political director of the 2000 Bush campaign.

Feather founded PFA in 2001 but withdrew from the organization last year after receiving legal advice that his involvement with PFA and the Bush-Cheney campaign could violate federal laws barring coordination between the groups.

Synhorst, according to Feather, has separated himself from any involvement with the firm's work for either Bush or the RNC and will perform his work for PFA in what lawyers describe as a "silo" within the firm.

Francis said in an interview that he is undecided whether to become actively involved with PFA and he is awaiting legal advice. "I am not going to break the law, period, paragraph," he said. "I hope in the next week to get advice. If it's lawful, I may do it. If it's unclear or blurry, I probably won't."

In the 2000 campaign, Francis came up with the idea of calling those who raised at least \$100,000 for Bush "Pioneers."

Francis said he raised some money for Bush early in the current campaign but has not been active since then because he knew that he might be needed in helping out a separate, "independent" campaign and it was important to keep his distance from Bush-Cheney '04.

McCabe said Francis and Cicconi are both PFA board members, along with C. Boyden Gray, White House counsel in the administration of George H.W. Bush, and Marilyn Ware, chairman of American Water in Pennsylvania. Ware has raised at least \$100,000 for the current Bush-Cheney campaign and has qualified as a Pioneer. Francis said he has agreed to help but has not yet agreed to an official role.

PFA is currently a tax-exempt 501(c)(4) organization under the tax code and is not required to disclose either contributors or expenditures. Francis said PFA will be changed into a "527" organization that does list contributors and expenditures and can engage in a wider range of political activity than a 501(c)(4).

Feather set up PFA the year before Congress enacted the McCain-Feingold campaign finance law prohibiting the political parties from raising soft money.

PFA ran ads supporting Bush's agenda of tax cuts, conservative judicial nominees and energy legislation. McCabe said that from 2001 through 2003, PFA raised \$2.1 million.

Republican 527s: Full-Steam Ahead

by Peter H. Stone

May 29, 2004

A few weeks ago, the partners at the Washington-based lobbying and public-affairs firm Navigators waited anxiously for a key ruling by the Federal Election Commission. The partners were holding back to see whether the commission would impose new regulations on independent campaign fundraising groups such as the one they had recently created, called Americans for Jobs and Growth.

When the FEC on May 13 rejected, for now, imposing any new rules on so-called "527" and "501(c)(4)" organizations -- named for the sections of the U.S. tax code that govern their activities -- Americans for Jobs and Growth, and other Republican-leaning operations, swung into action. Several of these groups are seeking to help the president's re-election effort by raising millions of dollars for television issue ads.

For a year, Democrats have been way ahead of Republicans, raising tens of millions of dollars in soft-money contributions through 527 groups. With President Bush enjoying a formidable lead over Democrats in terms of hard-money donations, Republican leaders argued for months that the Democratic 527s were exploiting loopholes in the campaign finance law that bans soft-money donations to the national parties. But in the wake of the FEC decision, the GOP has done a 180-degree turn, and groups like Americans for Jobs and Growth are jumping into the game with both feet, soliciting unlimited contributions from individuals and corporations.

"The momentum for this on the Republican side was stalled until the FEC ruling," said Phil Anderson, one of four Navigators partners along with Cesar Conda, a former top aide to Vice President Cheney; Mike Murphy, a longtime campaign strategist for Republican governors; and Jim Pitts, who was a senior aide to Vice President Quayle.

Navigators set up Americans for Jobs and Growth as a 501(c)(4) group in an effort to boost Bush's re-election. The group plans to use a \$7 million television ad blitz in Michigan, Missouri, Ohio, and Wisconsin to tout free trade and the administration's economic record.

Anderson says his new group is getting started none too soon in the battle to counter the Democratic 527s that have raised huge sums to help Sen. John Kerry of Massachusetts, the Democrats' presumptive presidential nominee. Working together, the two largest pro-Democrat groups -- the Media Fund and America Coming Together -- have raked in close to \$100 million, said Harold Ickes, the former deputy chief of staff to President Clinton who is helping to spearhead fundraising for the groups.

"Republicans are figuring out that they shouldn't bring a knife to a gunfight," Anderson said.

Navigators is just one of several GOP entrants in the soft-money game. For example, the conservative and anti-tax Club for Growth is looking to raise at least \$10 million through a 527 group, called Citizens' Club for Growth, that plans to run TV ads in at least eight states in an effort to undercut Kerry and help the Bush campaign. "We feel there's a real gap between now and the [party] conventions," said Stephen Moore, president of the Club for Growth.

Two other groups -- a 501(c)(4) called Progress for America and a 527 called the Leadership Forum -- are also picking up the fundraising pace and are putting together boards of directors that include well-known GOP lobbyists and money harvesters who are adept at roping in millions of dollars in soft money for issue-advocacy campaigns.

"The time for sitting on the sidelines has passed," said lobbyist Bill Paxon of Akin Gump Strauss Hauer & Feld, a founder of the Leadership Forum and a former Republican representative from New York. "The green light has flashed. It's time to participate."

The GOP groups have a lot of catching up to do. The Democratic-leaning Media Fund has already spent about \$22 million on ads in several states, Ickes said. And America Coming Together has hired field directors in 15 battleground states to focus on voter mobilization. Ickes said he hopes that the two groups will have collected \$150 million to \$160 million before the end of the electoral campaign.

When these two Democratic groups started serious fundraising last year, the Bush campaign was off to a blazing start in the money race. At this juncture -- five months before Election Day -- most experts expected President Bush to be far ahead of his Democratic rival in raising money. But while the Bush-Cheney campaign has set a record with nearly \$200 million raised so far, Kerry has also set a record for a Democratic challenger by hauling in almost \$118 million, according to the watchdog group Public Citizen.

Given the current political landscape and the FEC's decision on 527s, pro-GOP groups are in overdrive. To spur donors into action, Marc Racicot, the chairman of the Bush campaign, and Ed Gillespie, the chairman of the Republican National Committee, issued a joint statement calling the FEC's decision a "green light" for 527s "to forge full-steam ahead in their efforts to affect the outcome of this year's federal elections and, in particular, the presidential race."

Moore, for example, says the Club for Growth is "definitely ramping up. We'll do a series of attack ads against Kerry." To date, Moore said, he has solid commitments for \$4 million. He recently recruited Arkansas investment banker Jackson Stephens to sit on the board of the club's new 527 organization, and to help with fundraising. Earlier this month, Moore's group spent about \$500,000 for ads touting Bush in the swing states of Missouri, Nevada, New Hampshire, and Ohio.

Another group that had been waiting in the wings, Progress for America, appears to have the most traction -- and the strongest blessing from GOP leaders. Tony Feather, the political director of Bush's 2000 campaign, started PFA in 2001 to help build grassroots support for President Bush's agenda. But last fall, Feather went to work for the Bush re-election campaign as a consultant on voter mobilization and fundraising. Now Feather's partner at the firm FLS-DCI, Tom Synhorst, is deeply involved in developing advertising and grassroots strategies for Progress for America.

Last year, Progress for America enlisted several heavy-hitting GOP stars to join its board and help raise millions of dollars, say GOP fundraisers. They include James Francis Jr., the Texas public-relations executive who was instrumental in creating the vast "Pioneers" network of Bush campaign fundraisers, and James Cicconi, who runs AT&T's Washington lobbying operation.

Francis said he met with Synhorst and Cicconi in Washington about six months ago and agreed to support the group. But soon after those meetings, Progress for America and some

27044153635

other GOP groups were put on hold when complaints were filed with the FEC against the Democratic 527 groups that were using soft money. The recent FEC decision got PFA moving again, and Synhorst told Francis that Progress for America was likely to convert to a 527, which is allowed to engage in a wider variety of political activities than a 501(c)(4). Given his past ties to the Bush campaign, Francis said, he's waiting for a legal opinion before going forward.

Progress for America has also recruited Brian McCabe, a New Hampshire-based grassroots specialist, as its president. According to sources, Progress for America is aiming to raise \$40 million to \$60 million to fund grassroots work, issue advertising, and "truth squads" to burnish the Bush record on tax cuts, the economy, energy, and other issues. Over the past few months, the group's counsel, Ben Ginsberg, who is also the chief outside counsel for the Bush campaign, has been telling potential board members about a game plan that would allow Progress for America to answer liberal advocacy groups.

The Leadership Forum is yet another 527 group that is getting busy. Started in late 2002 by Paxon and Susan Hirschmann, a former chief of staff to House Majority Leader Tom DeLay, R-Texas, the forum has been rounding up board members and fundraisers. They include such familiar Washington influence merchants as Kenneth Duberstein of the Duberstein Group; former Rep. Tillie Fowler, R-Fla., of Holland & Knight; and former Rep. Bob Michel, R-Ill., of Hogan & Hartson.

Hirschmann, now a lobbyist with Williams & Jensen, says the group intends to "figure out the most efficient ways to get the Republican message out" on key issues in several battleground states. To do that, funds may be spent on ads, voter-identification, and voter-mobilization efforts that could help GOP House members as well as Bush win in November.

Americans for Jobs and Growth, which is being managed by Navigators, is one of the new kids on the block. Anderson says that in recent weeks, his firm has pitched several lobbyists on K Street for fundraising expertise and strategic advice. One of the GOP lobbyists who agreed to help is Scott Reed. "These guys actually have campaign experience at the local, state, and national levels -- unlike most of the so-called independent wanna-bes," Reed said of the Navigators partners. Navigators has also approached former Michigan Gov. John Engler for assistance. Murphy was the chief strategist for Engler's gubernatorial campaign.

One more new group on the Republican side is Let Freedom Ring, a Pennsylvania-based 501(c)(4) whose president is Colin Hanna, a social conservative and a regular attendee of the Wednesday meetings run by anti-tax activist Grover Norquist. Hanna said his group has raised about \$1 million for "positive" advertising aimed at countering ads from the Media Fund and the liberal group MoveOn.Org.

Let Freedom Ring hopes to raise \$10 million, Hanna said. To spread its message, the group is also planning to distribute a film, now in production, on Bush's faith. The group's ads, which will be available for pre-broadcast viewing on its Web site, will stress traditional values, patriotism, and economic freedoms.

"We're a true grassroots group," said Hanna, a former county commissioner in Pennsylvania. "It's our hope to encourage people to participate in the political process." Looking ahead, Hanna added that Let Freedom Ring would continue its issue-advocacy work after the 2004 elections.

27044153636

PFA-Voter Fund

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In order to keep President Bush's agenda here ▶

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to pay for one TV ad here ▶

Progress for America Voter Fund

Progress for America Voter Fund ("PFA-VF") is a conservative issue advocacy organization dedicated to keeping the issue record straight on the campaign trail and serving as a "Political Truth Squad"

As a diverse coalition of concerned citizens, nonprofit organizations, and other players in the political process, PFA-VF is dedicated to educating the American people regarding the public policy positions of candidates for federal, state and local office and mobilizing conservative voters

// MORE ABOUT US

Resources

// PRESS CLIPS

- Who Funded That Negative Ad?
- THE GENERAL 527s Doing The Dirty Work
- Cheney, Bush Tout Gains in Terror War
- Jobs report likely to undercut Kerry on key economic issue
- The Debate Begins
- The Real Air War Has Now Started
- New Ad Questions Kerry's Leadership
- The Cook Report - Voters in Nine States Have the Best View
- Early voting gets online help
- Campaigns Drawn to Political Labels

// PRESS RELEASES

NEW KERRY AD IN NEW MEXICO PROVES
PFA-VF HAS STRUCK A CHORD WITH

Ad Watch

PFA-VF is currently producing issue advocacy TV ads on President Bush's plan to revitalize the American economy and wage a world wide war on terror

Future PFA-VF television ads will expose John Kerry's record as the most liberal member of the United States Senate — even more liberal than Teddy Kennedy or Hillary Clinton!

Contribute to our cause to bolster support for conservative policies in the media and see your donation in action when we place our ads on television in your state

Poll Watch

State and national polling numbers, and the electoral college scoreboard.



"Why Do We Fight?"

▶ large 1M
◻ small 500k

▶ large 1M
◻ small 500k

"What If"

▶ large 1M
◻ small 500k

▶ large 1M
◻ small 500k

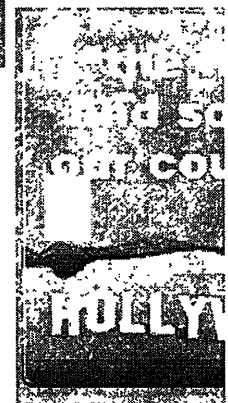
"Quiet Strength"

▶ large 1M
◻ small 500k

▶ large 1M
◻ small 500k

// PREVIOUS PFA-VF ADS

Contribute to get PFA-VF's a television in yo and support gr activities in yo community.



Grassroots Too

Voter Registration

Register your fr and neighbors t don't forget to r yourself.

Absentee Ballot

VIEWERS

- Progress for America Voter Fund Releases First TV Commercial
- Progress for America Announces Establishment of New 527 Committee, Progress for America Voter Fund

// NEWSLETTER

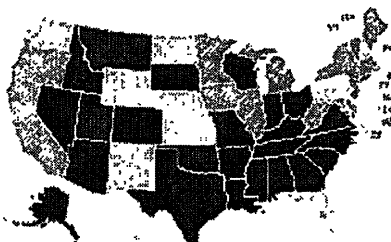
- Progress for America Voter Fund Monthly Newsletter

Sign our Petition

Sign PFA-VF's online petition to support President Bush's efforts in Iraq



// SIGN THE PETITION



Request absentee applications and your friends, family, and neighbors to do

Send a Message

Make a list of your contacts and send message support Bush's pro-growth policies and the

Watching the Left

MoveOn.org, Americans Coming Together, and The Media Fund have launched an all out assault on President Bush and his common sense conservative agenda



Refer Your Friends

Tell your friends and encourage them to support our cause

Volunteer Signup

Volunteer to support activities in your area

Sign Up for Email Updates

Signup to receive updates via email

These liberals are working overtime to push their failed policies on America and distort the accomplishments and public policies of conservative leaders across the nation.

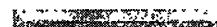
Check out the liberals' outrageous TV ads

- Hooded Liberty .mov | 4Mb
- Censure .mpeg | 5Mb
- Mercury .mpeg | 5Mb

Contribute now to counter the liberal left!

// OPPOSITION MEDIA ARCHIVE

For more information about specific issues, go to Progress for America, Inc.



PFA Voter Fund

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Progress for America Announces Establishment of New 527 Committee: Progress for America Voter Fund

5.28 04

Contact: Brian McCabe

Progress for America, Inc. (PFA), the leading organization dedicated to promoting the conservative issue agenda and rebutting liberal distortions, today announced the establishment of a 527 political committee - Progress for America Voter Fund (PFA Voter Fund). Progress for America, Inc, a 501(c)(4) organization, was formed in 2001. The Progress for America Voter Fund was established May 27, 2004.

Further, in yet another sign of renewed energy and activity, PFA Voter Fund also announced that James C. Cicconi, C. Boyden Gray and Marilyn Ware would serve as members of PFAVF's Advisory Board.

"I am excited to announce the establishment of the Progress for America Voter Fund and the addition of our new board members," said Brian McCabe, the President the PFA Voter Fund. "We are confident that this new 527 committee and new board members will dramatically increase our impact on public policy in America," McCabe added.

"Liberals have been working overtime this year to take America back to the failed policies of the past. In fact, liberal groups have already raised more than \$50 million and plan to spend more than \$300 million attacking President George Bush's steady leadership and common sense conservative agenda. With the PFA' Voter Fund and the help of our new board members, conservatives across America can finally take hope that help is on the way," McCabe noted.

"Although PFA has worked since 2001 to advance the conservative issue agenda, the establishment of the PFA Voter Fund will give us the additional flexibility we need to affect the political process. For too long, liberal 527 committees, bankrolled by extremists like George Soros, have been able to say scurrilous things about President Bush and other conservative leaders with impunity. Now, with the PFA Voter Fund, we will have the ability to promote President Bush's record on key issues and expose the real John Kerry's ultra-liberal agenda, as well as the record of other liberal candidates" McCabe said.

"Further, with the assistance of prominent leaders like James C. Cicconi, C. Boyden Gray and Marilyn Ware, we will have the financial resources to drive our message home and rebut the liberals' twisted distortions," McCabe concluded.

#

Paid for by Progress for America Voter Fund, a nonprofit organization under section 527 of the Internal Revenue Code. Contributions to Progress for America Voter Fund are not tax deductible as charitable contributions for Federal income tax purposes.

[< go back](#)

For more information about specific issues, go to Progress for America, Inc

Contribute to o
get PFA-VF's a
television in yo
and support gr
activities in yo
community.

Grassroots Too

[Voter Regi](#)[Absentee](#)[Send a M](#)[Refer Your](#)[Volunteer](#)[Email Up](#)**Exhibit F**

27044153639

Progress for America Voter Fund Releases First TV Commercial

6.24.04

Keith Appell (703) 683-5004 ex. 112

PFA-VF

The Progress for America Voter Fund (PFAVF), the leading conservative 527 political organization, today launched its first network and cable television ad campaign in key media markets in Nevada and New Mexico. The \$1 million ad buy marks the first conservative response to months of relentless and un rebutted attacks against President Bush by Liberal 527 groups. PFAVF's new commercial, entitled "What If," asks viewers to think about the ramifications of trying to win the War on Terror without President George Bush's steady leadership and public policies.

"President Bush is a strong and decisive leader who not only united the American people after the terrorist attacks on September 11th, he moved decisively to hunt down terrorist killers and neutralize the al Qaeda network," said Brian McCabe, President of PFAVF. "Our ad asks people to think about what would have happened if the War on Terror had been waged by the likes of a liberal like John Kerry-a man who voted to cut billions from our intelligence gathering efforts, even after the first World Trade Center attack," McCabe added.

Despite the predictable partisan ranting from John Kerry and his liberal allies, we are seeing real progress in Iraq. Saddam Hussein is in custody instead of in power; the Iraqi people enjoy true freedom for first time in generations; schools are open; power and electricity are above pre-war levels; the Iraqi economy is beginning to prosper; and Iraqi women now enjoy rights they have never experienced.

While conservatives rightfully awaited a decision from the Federal Election Commission regarding activities by 527 political organizations, liberal groups spent almost \$50 million viciously attacking President Bush for his leadership in the war.

"Starting today, their free ride is over," McCabe promised. "We intend to raise millions for additional ads that will tell our side of the story and rebut this well funded liberal propaganda machine."

As a diverse coalition of concerned citizens and nonprofit organizations, The Progress for America Voter Fund (PFAVF) is a conservative issue advocacy organization dedicated to setting the issue record straight on the campaign trail by serving as a "Political Truth Squad." PFAVF is dedicated to educating the American people regarding the public policy positions of candidates for federal, state and local office and to mobilizing conservative voters. These activities provide the American people with the information they need to make informed decisions that effect their lives.

###

Paid for by Progress for America Voter Fund, a nonprofit organization under section 527 of the Internal Revenue Code.

Contributions to Progress for America Voter Fund are not tax deductible as charitable contributions for Federal income tax purposes.

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Contribute to o
get PFA-VF's a
television in yo
and support gr
activities in you
community.

Grassroots Too

Voter Regi

Absentee

Send a Mi

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Volunteer

Email Up

Exhibit G



THE RACE TO THE WHITE HOUSE - AD WATCH

Progress for America Voter Fund

June 27, 2004

Sponsor: Progress for America Voter Fund, a pro-Republican group. This 30-second television commercial debuted in Albuquerque on Thursday. It also is expected to air in Nevada.

Script: Male narrator: "9/11. A leader showed strength and compassion. President Bush. He held us together and began to hunt down terrorist killers. But what if Bush wasn't there? Could John Kerry have shown this leadership? The Kerry who voted against billions for America's intelligence even after the first World Trade Center bombing. The Kerry who voted against 13 weapons systems our troops depend on. President Bush will win this war on terror. Progress for America Voter Fund is responsible for the content of this ad."

Images: The ad opens with a picture of wreckage of the World Trade Center after the Sept. 11 terrorist attacks. It shifts to pictures of Bush visiting firefighters near ground zero and meeting with Secretary of State Colin L. Powell and other aides. Then Sen. John F. Kerry of Massachusetts, Bush's presumed Democratic challenger, is shown in various poses. Then Bush is shown against a backdrop of American flags.

Analysis: The commercial is one of the first counterattacks from a Republican-leaning 527. Such groups are named for the section of the U.S. tax code regulating them, and operate independently of the major political parties and their presidential candidates. As a result, federal limits on donations do not apply to the groups, and they can receive six- and seven-figure checks from donors. Democratic 527s have been attacking Bush over the airwaves for several months without a comparable GOP response. Republicans had contended the Democratic 527s were breaking federal election law. But recently, the Federal Election Commission declined to rein in the groups' activities. This ad seeks to portray Bush as a strong leader against terrorism, while questioning how Kerry would handle that responsibility. It recycles charges about Kerry's Senate record that the Bush campaign has used in its advertising. The Kerry campaign has replied that the criticisms are misleading and that he has consistently supported sufficient funding for national defense and intelligence gathering.

Compiled by Times staff writer Nick Anderson

Exhibit H

27044153641

Kerry Touts His Plans For High-Tech Industry

Democrat Gets Iacocca Endorsement As He Starts 2-Day Fundraising Trip

By LOIS ROMANO
and JONATHAN KRIM
Washington Post Staff Writers

SAN JOSE, June 24—Sen. John F. Kerry on Thursday began two days of intense fundraising and campaigning on the West Coast and in the Midwest by promoting his plans for reviving the troubled high-tech industry and picking up the endorsement of corporate icon Lee Iacocca.

The Democratic presidential candidate chose the economically troubled Silicon Valley, the heart of the nation's high-tech community, to propose a detailed plan to revitalize the industry through tax incentives for small-business investment, extending a research-and-development credit to encourage innovation, and accelerating the development of universal high-speed Internet access. He said his proposals would boost the economy by \$500 billion and create 1.2 million jobs.

"This technological revolution is the foundation of a 21st-century economy. But it's up to us to build on that foundation so that we can create and expand 21st-century jobs," Kerry told an audience of mostly students at San Jose State University. "We won't get very far with a government that wants to stifle or ignore the creativity and entrepreneurship that will produce the next big idea. We need to encourage it and invest in it."

Meanwhile, President Bush highlighted his own proposals for encouraging development of new technologies and spreading high-speed Internet access during an appearance at the Commerce Department, where he took part in demonstrations of broadband and wireless technologies.

"What we're interested in is to make sure broadband technology is available in every corner of America by the year 2007," Bush said. He said that could happen by keeping the Internet free of access taxes, and by developing Internet technologies over power lines and wireless systems.

But Kerry said the country has fallen from fourth to 10th in the world in terms of broadband adop-

tion. He proposed a series of tax credits for implementation in rural areas and inner cities, at a cost of \$2 billion. Both men also support putting more airwaves, known as spectrum, in the hands of the private sector for development. Kerry also said some swaths should go unlicensed, for public use.

In his remarks in San Jose, Kerry called for a national strategy to drive more broadband in rural and other underserved areas, including expanding a federal technology program for inner cities that he said the Bush administration has been phasing out.

Kerry campaign aides reveled in the endorsement of Iacocca, the former Chrysler Corp. chairman who in 2000 endorsed and appeared in ads for Bush.

"This is a huge for us politically in terms of how business leaders perceive the parties," Kerry policy director Sarah Bianchi said. "He wants to be an active part of our campaign."

Bush-Cheney campaign manager Ken Mehlman argued that the endorsement would not sway anyone. "I think the American people ultimately make up their own minds based on their reading and looking at the two candidates," he said. "It's up to each business leader to speak for him- or herself."

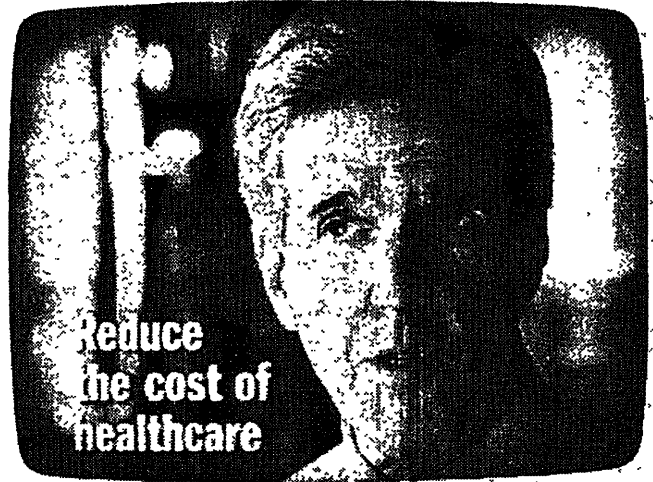
Kerry's most important event of the day was a \$5 million concert in Los Angeles headlined by Barbra Streisand. The event had initially been scheduled for two weeks ago but was canceled because of former president Ronald Reagan's death. Willie Nelson, Neil Diamond, Billy Crystal, Robert De Niro and Ben Affleck were also scheduled to appear on stage. A similar event scheduled for July 8 in New York is also expected to bring in \$5 million.

After the concert, Kerry was scheduled to fly through the night to Ohio, where he is to hold two morning events with workers. From there he plans to head to New York for a fundraiser with Howard Dean.

Also Thursday, a conservative group began its first television ad

AD WATCH | Evaluating the accuracy of political advertising

Kerry Tackles Paperwork



Candidate: John F. Kerry

Images: Kerry speaking to the camera, walking next to a flag

Time: 30 seconds

Audio: We spend about \$1.5 trillion every year on health care in America. \$350 billion of that has nothing to do with care. It's all paperwork. Administrative overhead.

I have a health care plan that can reduce the cost of health care. We can lower their premiums. And we will save literally billions of dollars in health care costs in America by becoming more streamlined and more efficient.

Analysis: The major flaw in this ad is that Kerry campaign officials say they have no idea how much money would be saved under the senator's paperwork plan. Kerry would offer financial incentives to health providers and insurance companies to switch to electronic medical records over four years but cannot calculate any benefits that might be passed on to patients. President Bush recently proposed a 10-year plan to switch to electronic records.

This is Kerry's second straight ad on his \$900 billion health plan, which he says would cover 27 million uninsured people and cut premiums by 10 percent. Bush campaign spokesman Steve Schmidt called the Kerry plan "a giant government takeover of the American health care system" that would yield more bureaucracy and higher costs.

The Kerry camp's decision to launch this ad on national cable and in 13 (and eventually 20) tightly contested states contrasts with the Bush team's decision to temporarily suspend its television ads for a week or so. Bush strategists say most voters aren't paying attention right now, but Kerry aides say it's important for their candidate to keep introducing himself to the public and stressing such pocketbook issues as medical care.

— Howard Kurtz

Video of this ad can be found at www.washingtonpost.com/politics

THE WASHINGTON POST

that shows Bush shaking hands with firefighters amid the World Trade Center wreckage and poses the question "Could John Kerry have shown this leadership?" the Associated Press reported.

The Progress for America Voter Fund said it will spend \$1 million over three weeks to run the commercial—and another to be aired after July 4—in the swing states

of Nevada and New Mexico.

The organization said the ads are the first step in a multimillion-dollar advertising campaign to counter the pro-Democratic groups that have spent more than \$40 million on ads criticizing Bush.

Krim reported from Washington.

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**Political Organization
Report of Contributions and Expenditures**

OMB No 1545-1696

► See separate instructions.

A For the period beginning 05/27/2004 and ending 06/30/2004

B Check applicable box: ☒ Initial report ☐ Change of address ☐ Amended report ☐ Final report

1 Name of organization

Progress For America Voter Fund

Employer identification number

20 - 1170395

2 Mailing address (P.O. box or number, street, and room or suite number)

PO Box 57167

City or town, state, and ZIP code

Washington, DC 20037

3 E-mail address of organization:

info@pfavoterfund.com

4 Date organization was formed:

05/27/2004

5a Name of custodian of records

Mary Anne Carter

5b Custodian's address

PO Box 57167

Washington, DC 20037

6a Name of contact person

Brian McCabe

6b Contact person's address

PO Box 57167

Washington, DC 20037

7 Business address of organization (if different from mailing address shown above). Number, street, and room or suite number

PO Box 57167

City or town, state, and ZIP code

Washington, DC 20037

8 Type of report (check only one box)

☐ First quarterly report
(due by April 15)

☒ Second quarterly report
(due by July 15)

☐ Third quarterly report
(due by October 15)

☐ Year-end report
(due by January 31)

☐ Mid-year report (Non-election
year only-due by July 31)

☐ Monthly report for the month of
(due by the 20th day following the month shown above, except the
December report, which is due by January 31)

☐ Pre-election report (due by the 12th or 15th day before the election)

(1) Type of election

(2) Date of election

(3) For the state of

☐ Post-general election report (due by the 30th day after general election)

(1) Date of election

(2) For the state of

9 Total amount of reported contributions (total from all attached Schedules A)

9. \$ 2266810

10 Total amount of reported expenditures (total from all attached Schedules B)

10. \$ 689560

Under penalties of perjury, I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete

Brian S McCabe

07/13/2004

**Sign
Here**



Signature of authorized official



Date

Exhibit J

27044153643

Schedule A Itemized Contributions

Schedule A

Contributor's name, mailing address and ZIP code

Unitemized Contributions Under \$200

PO Box 57167

Washington, DC 20037

Name of contributor's employer

N/A

Contributor's occupation

N/A

Aggregate contributions year-to-date

\$ 11610

Amount of contribution

\$ 11610

Date of contribution

06/30/2004

Contributor's name, mailing address and ZIP code

William Capra

P O Box 3303

San Ramon, CA 94583

Name of contributor's employer

Chiron Corporation

Contributor's occupation

Statistician

Aggregate contributions year-to-date

\$ 250

Amount of contribution

\$ 250

Date of contribution

06/26/2004

Contributor's name, mailing address and ZIP code

John Coopce

Raleigh, NC 27615

Name of contributor's employer

USDA - Rural Development

Contributor's occupation

North Carolina State Director

Aggregate contributions year-to-date

\$ 200

Amount of contribution

\$ 200

Date of contribution

06/30/2004

Contributor's name, mailing address and ZIP code

Michel deLatour

Berkeley, CA 94707

Name of contributor's employer

Retired

Contributor's occupation

Retired

Aggregate contributions year-to-date

\$ 250

Amount of contribution

\$ 250

Date of contribution

06/30/2004

Contributor's name, mailing address and ZIP code

Richard Hirschman

Henderson, NV 89014

Name of contributor's employer

Hudson Opt Corp

Contributor's occupation

Executive

Aggregate contributions year-to-date

\$ 250

Amount of contribution

\$ 250

Date of contribution

06/25/2004

Contributor's name, mailing address and ZIP code

Julia Plank

HC01 Box 3262

Oracle, AZ 85623

Name of contributor's employer

Self-employed

Contributor's occupation

Artist

Aggregate contributions year-to-date

\$ 250

Amount of contribution

\$ 250

Date of contribution

06/25/2004

Contributor's name, mailing address and ZIP code

Ronald Rea

North Vernon, IN 47265

Name of contributor's employer

Cummins Engine Co

Contributor's occupation

Retired

Aggregate contributions year-to-date

\$ 250

Amount of contribution

\$ 250

Date of contribution

06/25/2004

Contributor's name, mailing address and ZIP code

Kyle Rose

Lynn, MA 01904

Name of contributor's employer

Akamai Technologies

Contributor's occupation

Software Architect

Aggregate contributions year-to-date

\$ 250

Amount of contribution

\$ 250

Date of contribution

06/25/2004

Contributor's name, mailing address and ZIP code

Richard Chambers

Barrington, IL 60010

Name of contributor's employer

Hart Capital Management

Contributor's occupation

Asst Management

Aggregate contributions year-to-date

\$ 500

Amount of contribution

\$ 500

Date of contribution

06/25/2004

Contributor's name, mailing address and ZIP code

Daniel Peek

Lutz, FL 33558

Name of contributor's employer

Regent Street

Contributor's occupation

Real Estate Executive

Aggregate contributions year-to-date

\$ 500

Amount of contribution

\$ 500

Date of contribution

06/25/2004

27044153644

Contributor's name, mailing address and ZIP code

Joseph Rohner

Dallas, TX 75230

Name of contributor's employer

Self-employed

Contributor's occupation

Consultant

Aggregate contributions year-to-date

\$ 500

Amount of contribution

\$ 500

Date of contribution

06/25/2004

Contributor's name, mailing address and ZIP code

L. Keith Smith

Ridgefield, WA 98642

Name of contributor's employer

Payroll

Contributor's occupation

President

Aggregate contributions year-to-date

\$ 500

Amount of contribution

\$ 500

Date of contribution

06/27/2004

Contributor's name, mailing address and ZIP code

Doug Zych

Greenwich, CT 06830

Name of contributor's employer

TJC LLC

Contributor's occupation

Private Equity Investor

Aggregate contributions year-to-date

\$ 1000

Amount of contribution

\$ 1000

Date of contribution

06/25/2004

Contributor's name, mailing address and ZIP code

Rick Caruso

Los Angeles, CA 90036

Name of contributor's employer

Self-employed

Contributor's occupation

Real Estate Developer

Aggregate contributions year-to-date

\$ 100000

Amount of contribution

\$ 100000

Date of contribution

06/21/2004

Contributor's name, mailing address and ZIP code

Crown American Corp

P O Box 1487

Johnstown, PA 15907

Name of contributor's employer

N/A

Contributor's occupation

N/A

Aggregate contributions year-to-date

\$ 150000

Amount of contribution

\$ 150000

Date of contribution

06/11/2004

Contributor's name, mailing address and ZIP code

Paul Singer

New York, NY 10024

Name of contributor's employer

Elliott Capital Advisors LP

Contributor's occupation

Investments

Aggregate contributions year-to-date

\$ 500000

Amount of contribution

\$ 500000

Date of contribution

06/11/2004

Contributor's name, mailing address and ZIP code

Carl H Lidner

Cincinnati, OH 45243

Name of contributor's employer

American Financial Group

Contributor's occupation

Chairman

Aggregate contributions year-to-date

\$ 500000

Amount of contribution

\$ 500000

Date of contribution

06/30/2004

Contributor's name, mailing address and ZIP code

Jerry Perenchio (Living Trust)

Los Angeles, CA 90067

Name of contributor's employer

Chartwell Partners LLC

Contributor's occupation

Businessman

Aggregate contributions year-to-date

\$ 1000000

Amount of contribution

\$ 1000000

Date of contribution

06/17/2004

Contributor's name, mailing address and ZIP code

Terry Paul

Jenks, OK 74037

Name of contributor's employer

None

Contributor's occupation

Homemaker

Aggregate contributions year-to-date

\$ 250

Amount of contribution

\$ 250

Date of contribution

06/26/2004

Contributor's name, mailing address and ZIP code

Jeffrey Curtis

Dallas, TX 75214

Name of contributor's employer

Haynes and Boone, LLP

Contributor's occupation

Attorney

Aggregate contributions year-to-date

\$ 250

Amount of contribution

\$ 250

Date of contribution

06/24/2004

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Schedule B Itemized Expenditures

Schedule B

Recipient's name, mailing address and ZIP code Unitemized Expenses Under \$500 PO Box 57167 Washington, DC 20037	Name of recipient's employer N/A Recipients's occupation N/A	Amount of Expenditure \$ 798 Date of expenditure 06/30/2004
Purpose of expenditure Miscellaneous expenses under \$500 each to various vendors		
Recipient's name, mailing address and ZIP code Cagnani & Bond 101 Constitution Ave., NW, Suite 800 West Washington, DC 20001	Name of recipient's employer N/A Recipients's occupation N/A	Amount of Expenditure \$ 35000 Date of expenditure 06/09/2004
Purpose of expenditure Consulting and fundraising services		
Recipient's name, mailing address and ZIP code Capital Campaigns 11150 Santa Monica Blvd., Suite 450 Los Angeles, CA 90025	Name of recipient's employer N/A Recipients's occupation N/A	Amount of Expenditure \$ 70000 Date of expenditure 06/17/2004
Purpose of expenditure Consulting and fundraising service		
Recipient's name, mailing address and ZIP code Moore Information Inc 178 SW Harrison Street Portland, OR 97201	Name of recipient's employer N/A Recipients's occupation N/A	Amount of Expenditure \$ 34300 Date of expenditure 06/21/2004
Purpose of expenditure Research Services		
Recipient's name, mailing address and ZIP code Meredith O'Rourke West Palm Beach, FL 33412	Name of recipient's employer Self-employed Recipients's occupation Consultant	Amount of Expenditure \$ 4500 Date of expenditure 06/25/2004
Purpose of expenditure Consulting services		
Recipient's name, mailing address and ZIP code Capital Campaigns 11150 Santa Monica Blvd., Suite 450 Los Angeles, CA 90025	Name of recipient's employer N/A Recipients's occupation N/A	Amount of Expenditure \$ 7000 Date of expenditure 06/25/2004
Purpose of expenditure Consulting and fundraising services		
Recipient's name, mailing address and ZIP code Mentzer Media Services 600 Fairmount Avenue, Suite 306 Towson, MD 21286	Name of recipient's employer N/A Recipients's occupation N/A	Amount of Expenditure \$ 503524 Date of expenditure 06/24/2004
Purpose of expenditure TV Advertising placement \$438,595 for air time and \$64,929 for placement services per FEC Form 9		
Recipient's name, mailing address and ZIP code McCarthy Marcus Henning, Ltd 1850 M Street NW, Suite 235 Washington, DC 20036	Name of recipient's employer N/A Recipients's occupation N/A	Amount of Expenditure \$ 9094 Date of expenditure 06/28/2004
Purpose of expenditure Production Services for Internet spots		
Recipient's name, mailing address and ZIP code McCarthy Marcus Henning, Ltd 1850 M Street NW, Suite 235 Washington, DC 20036	Name of recipient's employer N/A Recipients's occupation N/A	Amount of Expenditure \$ 25344 Date of expenditure 06/28/2004
Purpose of expenditure Production services for TV advertising		

27044153646

Big Money in Hand, GOP 527 Mounts Ad Blitz

By Brody Mullins
ROLL CALL STAFF

Fueled by massive donations from three wealthy Republicans, the leading GOP "527" organization plans to spend millions of additional dollars on television ads in battleground states this summer to help re-elect President Bush this fall.

Since ramping up its fundraising effort two months ago, the independent Republican group, Progress for America, has raised \$2.1 million for the advertising campaign.

Progress for America received its first million-dollar check from Jerry Perenchio, the chairman of Univision, in mid-June.

Within weeks, Progress for America received separate \$500,000 contributions from New York businessman Paul Singer and Carl Lindner, who owns Chiquita Brands and the Cincinnati Reds.

Before Congress banned soft money, the three Republican businessmen were among the top contributors to the Republican Party, giving a total of \$21 million to GOP causes in the 2001-02 election cycle.

Now that such soft-money contributions to the national political parties are illegal, the three have shifted their financial support to

Progress for America.

The rival Democratic 527 organization, America Coming Together, has been much more successful at hauling in large checks from wealthy Democrats. So far, America Coming Together has raised about \$75 million and hopes to bring in more than \$100 million for this fall's elections.

Though GOP efforts are far behind, the founders of Progress for America say they are buoyed by the first round of large checks from Republican donors and have begun running television ads in swing states promoting the president's re-election campaign.

Progress for America is running ads in New Mexico and Nevada that praise Bush's leadership and question the ability of Democratic presidential candidate Sen. John Kerry (Mass.) to command the fight against terrorism.

The initial ad buy, which cost \$1 million, will end Thursday.

"The Nevada and New Mexico ads will run through the end of this week, then we are going to look into where to go next," said Brian McCabe of Progress for America. "The state that we will go into next has not been determined."

Exhibit K

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The National Journal

December 20, 2003

SECTION: Vol. 35, No. 51

LENGTH: 810 words

HEADLINE: A Catalog of Key Groups

BYLINE: Peter H. Stone

BODY:

Here are snapshots of 10 leading groups that have jumped into the soft-money fundraising game to support Democrats and Republicans next year with issue ads, get-out-the-vote efforts, and other electioneering activities.

Democratic Groups

The Media Fund: This is a 527 organization created and run by Harold Ickes, a former deputy chief of staff in the Clinton White House. The fund is seeking to raise \$70 million to \$95 million for a mammoth TV issue-advertising campaign to bolster the Democratic presidential nominee in some 17 battleground states next year. So far, Ickes says, his group has raised close to \$10 million.

America Coming Together: Led by Ellen Malcolm, president of EMILY's List, and Steve Rosenthal, the former political director of the AFL-CIO, this political action committee and 527 group is focusing on voter-mobilization in many of the same battleground states as the Media Fund. The two organizations, in fact, have sponsored joint fundraising activities. ACT which collects hard money as well as soft money, hopes to bring in a total of \$94 million. The group has received donations and pledges of about \$40 million thus far, according to ACT's leaders, including a \$10 million pledge from billionaire investor-philanthropist George Soros.

Partnership for America's Families: Also run by Steve Rosenthal, this 527 organization is looking to raise about \$12 million, mostly from labor unions, for a large voter-registration drive in urban communities. To date, the group has garnered about \$3.5 million and has already registered some 65,000 new voters in Philadelphia.

Exhibit L

Voices for Working Families: Led by Arlene Holt-Baker, a former assistant to AFL-CIO President John Sweeney, this 527 aims to raise about \$20 million for registering, educating, and mobilizing African-American, Hispanic, and working-women voters. The group has received significant funding from the American Federation of State, County, and Municipal Employees.

America Votes: Run by Cecile Richards, a former aide to House Minority Leader Nancy Pelosi, D-Calif., this 527 organization's purpose is to provide coordination among the various outside Democratic groups. America Votes is seeking to raise about \$3 million.

Grassroots Democrats: Another 527 with a labor-movement pedigree, this group hopes to raise \$12 million to underwrite state parties' grassroots efforts in 2004. The group, run by former AFL-CIO campaign director Amy Chapman, has pledged of about \$1 million and is soliciting individuals, trial lawyers, and unions for donations.

Republican Groups

Progress for America: Tony Feather, a key operative in President Bush's 2000 campaign who is close to White House political strategist Karl Rove, set up this 501 (c)(4) about two years ago. Originally, the group ran ads supporting Bush's agenda on such issues as education and tax cuts. It is now looking to raise donations of \$40 million to \$60 million for a TV issue-ad blitz and grassroots efforts in the 2004 campaign. Feather recently turned over the reins to Chris LaCivita, a former issue-advocacy director at the National Republican Senatorial Committee. Progress for America is organizing a board of prominent Republicans to help rake in money. Ben Ginsberg, the chief outside counsel to the Bush re-election campaign, is acting as the group's counsel and helping to organize its board.

The Leadership Forum: Run by lobbyists Susan Hirschmann, the former chief of staff to House Majority Leader Tom DeLay, R-Texas, and former Rep. Bill Paxon, R-N.Y., this 527 organization will try to bolster GOP House candidates by focusing on issues of broad concern to voters. The forum recently launched an effort to create a large advisory board of donor-fundraisers who can bring in or contribute at least \$25,000 apiece.

Americans for Job Security: This is a 501(c)(6) organization that in recent years has raised several million dollars per election cycle, and spent the money on issue ads in key states with competitive races. The group, run by David Carney, a longtime GOP operative based in New Hampshire, wants to expand its operations next year. About 500 corporate and

individual members help subsidize the organization with contributions that have been as high as \$100,000.

Americans for a Better Country: A 527 organization that was recently formed by lobbyist Frank Donatelli and two other GOP supporters, this group has been focused on getting an advisory opinion from the Federal Election Commission on permissible activities for 527s. Some analysts think the group's mission might be to secure an FEC ruling that would curb the activities of the more-mature, Democratic 527 groups.

Source: National Journal

LOAD-DATE: December 18, 2003

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Los Angeles Times

June 6, 2004 Sunday
Home Edition

SECTION: MAIN NEWS; National Desk; Part A; Pg. 20

LENGTH: 1289 words

HEADLINE: THE RACE TO THE WHITE HOUSE;
GOP Can't Beat '3rd Party' Groups, so It Forms Them;
After their failed FEC challenge of unaffiliated fundraisers, such as the liberal MoveOn.org, Republicans reluctantly play catch up.

BYLINE: Lisa Getter, Times Staff Writer

DATELINE: WASHINGTON

BODY:

After their failed efforts to outlaw what they called "shadowy third-party groups," Republicans are now playing a fast and furious game of catch up in the race for campaign cash. And they're finding it's not that easy.

In the weeks since the Federal Election Commission decided not to rein in the mostly Democratic groups this election cycle, several top Republicans have formed their own 527s, so-named for the tax-code section that governs the organizations.

But other GOP leaders have decided to stay on the sidelines, echoing earlier rhetoric from President Bush's campaign that the groups are against the law.

"I got several calls that said, 'Let's do this,' " said Fred Meyer, a Bush fundraiser who is also Texas finance chairman for the Republican National Committee's Victory 2004 campaign. But he -- and fellow Bush fundraiser Jeanne Johnson Phillips -- decided not to take any chances. They are continuing to raise money for the president's campaign, the RNC and state races, but not for any 527s.

"I'm close to the [Bush] campaign," Meyer said. "I'm not interested in causing anyone any trouble. We're following the law."

Many corporations, traditionally large givers of campaign cash, shrank their political budgets after passage of a 2002 federal law that significantly limited how much they could contribute. As a result, they have little money to funnel to groups just now forming.

The Leadership Forum is among the Republican 527s that has met some resistance. It accelerated its

fundraising drives after the FEC decision last month, but the GOP's aggressive stance against 527s has had "a chilling effect" on donors, said former Rep. Bill Paxon (R-N.Y.), vice president of the forum. "We're definitely playing catch up. We have a long way to go."

Even if fundraising improves for such groups, their late start poses other problems. Under federal law, ads funded with corporate or union money face content restrictions in the 30 days before an opposing party's national convention and in the 60 days before the general election. For instance, such ads cannot attack a candidate by name.

With the Democratic convention set for late July, that essentially leaves only the next few weeks and August for the broadcast of corporate- and union-backed 527 ads that target Sen. John F. Kerry of Massachusetts, the presumptive Democratic presidential nominee.

"The Republicans miscalculated" in their legal war against 527s, said a GOP strategist who asked not to be named. "It was a gamble. They went with a legal course of action as opposed to a political course of action. We essentially ceded three months of time to [the Democrat-allied] groups...."

The 527s have become major political players in response to the 2002 campaign finance reform act, which banned individuals, corporations and unions from making unlimited contributions to political parties. Such contributions, known as soft money, were a mainstay of the Democratic Party.

Last summer, a group of Democratic insiders met at the Long Island estate of billionaire George Soros and hatched a plan to create several interlocking 527s that would raise millions of dollars to help defeat Bush. They contended that the soft money ban did not apply to 527s.

Other Democratic groups followed their lead. So far, the major liberal 527s -- which include America Coming Together, Media Fund and MoveOn.org Voter Fund -- combined have raised more than \$100 million.

Since March, the liberal 527s have spent about \$32 million on television ads, according to independent monitor TNSMI/Campaign Media Analysis Group. Most of those ads have criticized the president, and many ran at a time when Kerry could not afford to respond to a barrage of Bush attack ads.

In late March, the Bush campaign and the RNC filed a formal complaint with the FEC, alleging that Kerry was benefiting from an "illegal infusion of soft money." The complaint claimed that Kerry's campaign was part of a criminal conspiracy to illegally coordinate with the 527s.

The FEC, however, has not acted on the complaint. And in a separate action in mid-May, the agency effectively kept the 527s in business at least through election day.

Even as GOP strategists pursued their fight against the 527s, some top Republicans were hedging their bets.

Las Vegas publicist Sig Rogich said he met with Benjamin Ginsberg, a lawyer who serves as national counsel for the Bush campaign, and two others several months ago to discuss a revised Republican game plan if the FEC did not shut down the 527s. Rogich did not remember the names of the others at the meeting at his Las Vegas office, but he said they represented Progress for America, a conservative nonprofit advocacy group that set up a 527 on May 28.

"They were seeking people who might be effective in raising money," said Rogich, who has raised more than \$250,000 for the president's reelection. "I was one of many, many people that they were looking at

to see what we could do to even the playing field."

Ginsberg said he was at the meeting as a lawyer for Progress for America, not as the president's campaign counsel. "I was asked to be there to provide legal advice on a new and confusing law. The people in attendance wanted to know what could be done within the bounds of the law," he said.

Ginsberg's dual role is not unusual. The law firm representing Kerry's campaign also represents Media Fund and America Coming Together, and the Democratic National Committee's top lawyer represents MoveOn.org.

Progress for America is hoping to have a strong role in helping Bush and hindering Kerry.

"We've started reaching out to any and all Republicans," said Brian McCabe, the group's president. "One of the things we have said is we'll work with other groups to quarterback on the conservative side to move the ball forward."

Among the groups it will work with is the Leadership Forum, which Paxon said "was on the runway for a year-and-a-half waiting for clearance from ground control" to promote the GOP cause.

The Leadership Forum's advisory board includes a number of prominent Republicans, including Ken Duberstein, White House chief of staff under President Reagan, former Sen. Lauch Faircloth of North Carolina, and former House members Bob Livingston of Louisiana, Tillie Fowler of Florida, Susan Molinari of New York and Bud Shuster of Pennsylvania. The group is planning a July 6 dinner featuring House Speaker J. Dennis Hastert (R-Ill.).

The group has not set a fundraising goal. "It's clear the Republican 527s collectively will not have enough resources as the Democrats," Paxon said.

The Club for Growth, a conservative 527 that raised about \$2 million before the FEC decision, said it had received another \$2 million since then. The group wants to raise \$20 million to spend on the presidential race. It has spent about \$500,000 in advertising and plans another \$500,000 ad buy this week.

"I would definitely say people are a lot more willing to do this than before," said David Keating, the group's executive director. But he said there was still some resistance.

"We've been hearing for months that this was wrong, wrong, wrong. I guess people don't realize there's this new climate."

Stephen Moore, Club for Growth founder and president, said the Bush campaign was "ill-advised" when it filed its complaints against the liberal 527s.

"It was a setback," he said. "It froze out the money on the Republican side while the Democrats went hog wild on raising it."

One new GOP group, Americans for Jobs and Growth, was formed by a group of Washington lobbyists and political strategists, including Cesar Conda, Vice President Dick Cheney's former assistant for domestic policy. Conda is also one of the Bush campaign's top fundraisers. The group hopes to raise \$7 million.

LOAD-DATE: June 6, 2004

27044153654